



## ***Understanding the MERS Investment Menu***

*For participants in the MERS Defined Contribution Plan,  
MERS Hybrid Plan, MERS Health Care Savings Program,  
MERS 457 Supplemental Retirement Program or MERS IRA*



# TABLE OF CONTENTS

Understanding Your Investment Choices . . . . . 3

1 “Do it for me” . . . . . 4

2 “Help me do it” . . . . . 7

    Portfolios Built For You . . . . . 7

    Funds to Build Your Own Portfolio . . . . . 10

3 “I’ll do it myself” . . . . . 12

Understanding How Costs Affect Your Retirement Account . . 14

Changing Your Investment Selections . . . . . 15

Glossary of Key Terms . . . . . 16

**!** *Note: This publication is designed to provide descriptive information only. Investors should research all possible investment choices. Please make independent investment decisions carefully and seek the assistance of independent experts where appropriate. We recommend investors define their goals, risk tolerance, time horizon, and investment objectives to determine whether a fund is appropriate for you.*

*Investors should read the fund summary sheets and carefully consider the investment objective, risks, and fees of the fund before investing. The fund summary sheets may be found on the MERS website at [www.mersofmich.com/investments](http://www.mersofmich.com/investments). To request the fund summary sheets, please contact the MERS Service Center at 800.767.6377.*

# UNDERSTANDING YOUR INVESTMENT CHOICES

The MERS Investment Menu is simplified into three categories to help you find the investment mix that best meets your investment style.

Choose the investment category that feels the most comfortable to you:

1

## *“Do it for me”*

**LifePath** target date funds are a simplified way to invest. These target date funds are professionally managed, diversified investments and automatically adjust over time as you get closer to retirement.

2

## *“Help me do it”*

These **Premium Select Options** were actively chosen for you by MERS. Here you have access to pre-built portfolios that MERS helps you manage by monitoring the investment managers and rebalancing the portfolio quarterly. It also gives you access to selected funds to help you build your own portfolio.

3

## *“I’ll do it myself”*

The **Self-Directed Brokerage Account** gives you access to funds outside of MERS investment menu. The available investments under this window have not been reviewed by MERS. You are solely responsible for determining the appropriateness of the investment options.

You’ll find additional information on our website, as well as forms, benefit calculators, and helpful tutorials.

You can also contact MERS Service Center weekdays by calling 800.767.6377.

## Investment Menu Oversight

The MERS Retirement Board and Office of Investments select and monitor the investment choices that are available to you. They actively review the fund lineup, investment managers, and index funds available and make changes as needed based on strict criteria.

The following are some examples of the criteria used to guide decisions:

- Comparative risk ratio against peers and benchmarks
- Comparative expense ratio against peers in its category
- Consistent investment style
- Stable investment management team
- Material legal, regulatory, or reputation changes

## How Does This Benefit You?

You receive an experienced team that oversees the investment choices available to you. They do the necessary research, due diligence and monitoring of the various managers of the funds – ensuring you have quality options available.



## “DO IT FOR ME”

Introducing a simple way to invest for retirement. Target date funds are designed to be a single, diversified investment option for participants to use through their working careers. LifePath funds automatically rebalance, so investors don't have to adjust their asset allocation. Each fund's asset allocation will become more conservative as the participant's retirement date approaches.

### LifePath is designed for people who want:

- **Comfort knowing that they're on a path to retirement.** LifePath is designed to bring more consistent returns to help stay on track to grow and preserve retirement savings.
- **Opportunity to grow savings.** The funds will be invested in a portfolio that includes a mix of global and U.S.-based stocks and bonds to help capture potential market growth throughout one's career and into retirement.
- **Freedom to focus on what's important.** BlackRock's investment professionals focus on managing the risk in the LifePath target date funds, helping to free up your time to focus on the other important things in life.

### How LifePath works:

When we're young, we have years ahead of us, so we may be willing to take more risk as we endure the typical ups and downs of the market. But as we get older, we may need to start reining in the risk to help protect our savings. LifePath funds help you do just that - through target date funds.

Target date funds are professionally managed, diversified investments, meaning **investing in only one LifePath fund can provide a robust investment solution.**

Simply select the fund closest to your 'target date' - the year you plan to retire. The funds will be carefully adjusted as the target date approaches. The fund will include a mix of investments, including global and U.S.-based stocks and bonds, which will slowly change over time to reduce the risk exposure.

**Professional  
Management**

**Diversified  
Investments**

**Adjusted  
Over Time**

## Choosing a LifePath fund:

When considering a LifePath target date fund, identify an approximate target date for when you may want to retire. Let's say you may want to retire when you're 65, and you'll turn 65 in the year 2039. That means you might consider LifePath 2040 - the fund closest to your 'target date'.

If your target retirement date is:

2063 or later	2058–2062	2053–2057	2048–2052	2043–2047
Consider LifePath <b>2065</b>	Consider LifePath <b>2060</b>	Consider LifePath <b>2055</b>	Consider LifePath <b>2050</b>	Consider LifePath <b>2045</b>
2038–2042	2033–2037	2028–2032	2023–2027	2022 or earlier
Consider LifePath <b>2040</b>	Consider LifePath <b>2035</b>	Consider LifePath <b>2030</b>	Consider LifePath <b>2025</b>	Consider LifePath <b>RET</b>

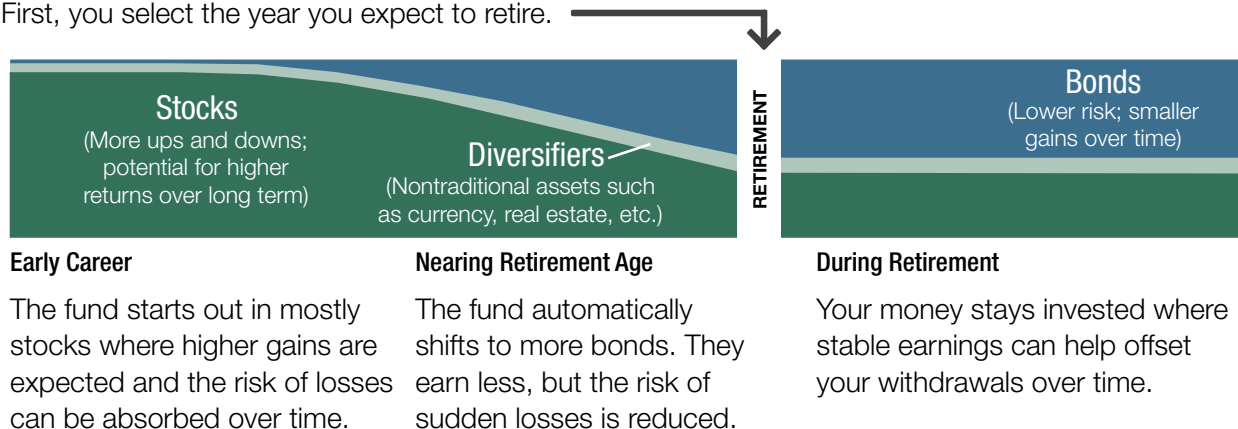
Investments in the funds are not guaranteed against loss of principal: at any time, your account value may be more or less than the original amount invested — including at the time of the fund's target date. The funds do not guarantee sufficient income in retirement. In addition to age or retirement date, other factors to consider include your risk tolerance, personal circumstances and complete financial situation. You should conduct your own due diligence or consult with your financial advisor before making any investment decisions.

## Glide Path

This chart shows how the mix between stocks and bonds gradually changes over a lifetime as you approach retirement.

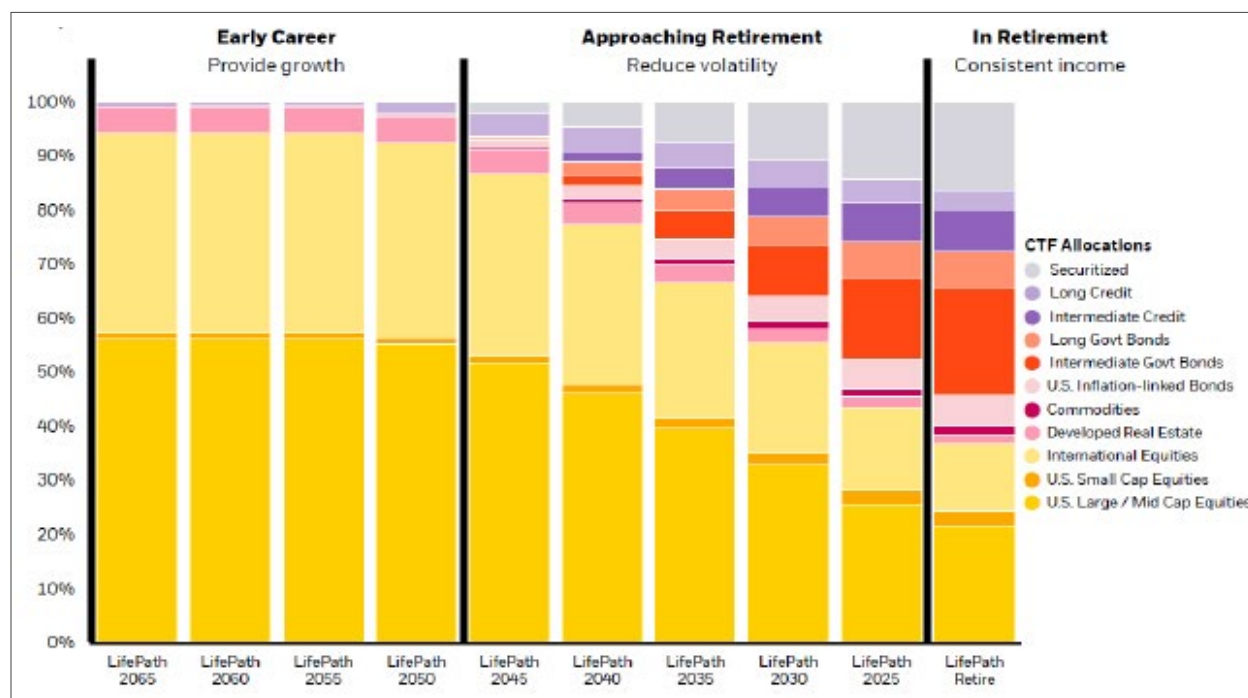
### How LifePath Target Date Funds Work

First, you select the year you expect to retire.



## Asset Allocation

This chart shows the asset allocation providing growth in your early career, reducing volatility as you approach retirement and providing consistent income in retirement.





## 2 *Premium Select Options* *Options selected by MERS*

### “HELP ME DO IT”

Premium Select Options were actively chosen for you by MERS. Here you have access to portfolios built for you and funds to build your own portfolio.

### PORTFOLIOS BUILT FOR YOU

MERS uses both internal and external institutional investment managers to build these professionally managed portfolios, each of which has a target asset allocation that is rebalanced on a quarterly basis.

These proprietary portfolios are overseen by the MERS Office of Investments and offer attractive risk-adjusted returns at below market cost, thanks to the economies of scale created by the MERS defined benefit portfolio.

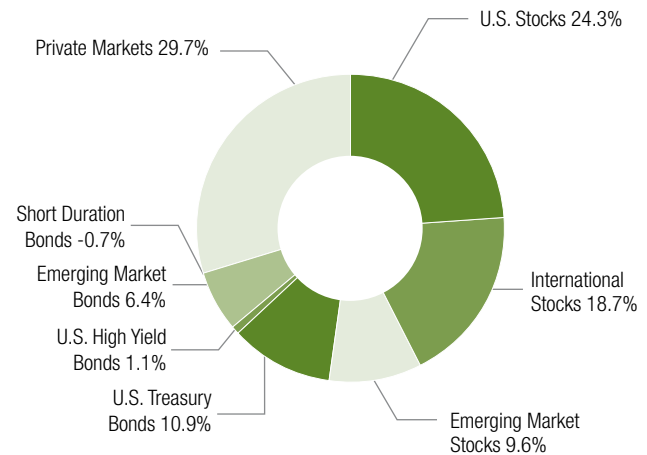


Any changes in your age or financial situation could mean a different investment mix may be appropriate. With this in mind, it's always a good idea to review your investment choices regularly to make sure they are still suitable.

## PORTFOLIOS BUILT FOR YOU

### MERS Total Market Portfolio

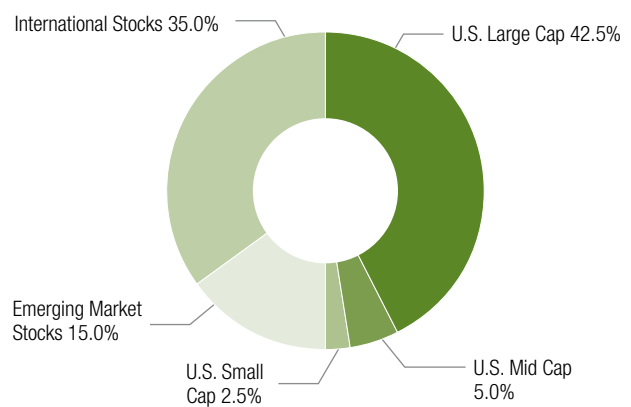
The MERS Total Market Portfolio is a fully diversified portfolio, investing in both traditional (stocks, bonds, and cash) and alternative (private equity, commodities, real estate) asset classes. The objective of the Total Market Portfolio is to provide growth of income while minimizing market volatility and providing protection in down markets. The target asset allocation (investment mix) is set by the MERS Office of Investments, under the direction of the Retirement Board. The target allocation is reviewed every five years with a focus on long term investing. The Office of Investments is responsible for monitoring and hiring the underlying investment managers, and they also have the ability to make strategic allocations in response to the market environment.



### MERS Global Stock Portfolio

*(100% Stocks and 0% Bonds)*

The MERS Global Stock Portfolio is a diversified portfolio that invests solely in a combination of U.S. and foreign stocks, seeking to provide long-term growth of capital. The fund has a target allocation of 100% global stocks, which is rebalanced quarterly between the target stock allocation as shown in the corresponding chart. This fund has a focus on above average asset growth with a long time horizon and may experience substantial fluctuations in value.

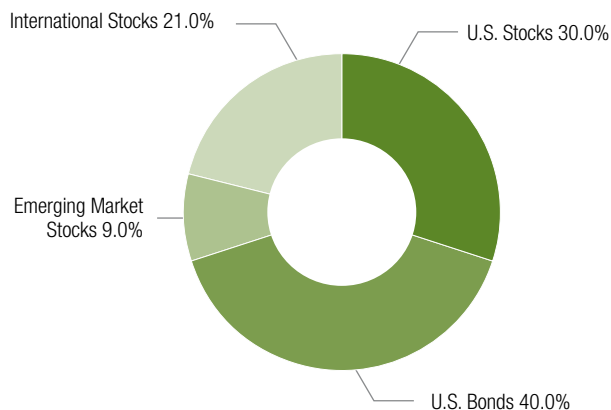




## MERS Established Market Portfolio

*(60% Stocks and 40% Bonds)*

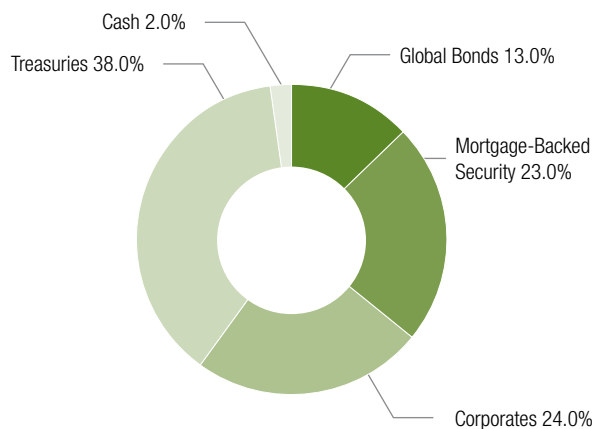
The MERS Established Market Portfolio is a diversified portfolio that invests in a combination of stocks and bonds, seeking to provide long-term growth of capital and income. The fund has a target allocation of 60% stocks and 40% bonds, which is rebalanced quarterly. This fund has a focus on stable growth with a moderate time horizon and may experience moderate fluctuations in value.



## MERS Diversified Bond Portfolio

*(0% Stocks and 100% Bonds)*

The MERS Diversified Bond Portfolio is a diversified portfolio that invests primarily in high quality fixed income securities, seeking to preserve capital and provide diversification. The fund is rebalanced quarterly according to a valuation model that seeks to take advantage of opportunities in the global fixed income markets, while limiting volatility and potential draw downs.



## FUNDS TO BUILD YOUR OWN PORTFOLIO

These pre-selected options give you a variety of available funds from which to choose. These funds are actively monitored by MERS, ensuring that quality choices are available. These funds can be used alongside either the Retirement Strategies or pre-built portfolios, giving you the ability to further diversify your investment portfolio and fine-tune your strategy.

### Large Cap Stock Index

Large cap companies have market capitalization between \$10 billion and \$200 billion. This fund is managed with the objective of duplicating the performance of securities in a broad-based index by investing in all or most of the securities included in that index. Large cap investments may be most appropriate for someone willing to accept market fluctuations in return for long-term capital growth. Stock investments tend to be more volatile than bond or stable value investments.

### Mid Cap Stock Index

Short for “Middle Cap,” mid cap refers to stocks with a market capitalization between \$2 billion to \$10 billion. This fund is managed with the objective of duplicating the performance of securities in a broad-based index by investing in all or most of the securities included in that index. Mid cap investments may be most appropriate for someone seeking potential returns over time and willing to weather market downturns. Medium-sized companies may suffer more significant losses as well as realize more substantial gains than large cap funds.

### Small Cap Stock Index

Small cap refers to stocks with a relatively small market capitalization. The definition of small cap can vary among brokerages, but generally it is a company with a market capitalization between \$300 million to \$2 billion. This fund is managed with the objective of duplicating the performance of securities in a broad-based index by investing

in all or most of the securities included in that index. Small cap investments may be most appropriate for someone with a longer investment horizon, seeking longer-term capital growth, and willing to accept larger market fluctuations. Small cap funds may be more volatile than funds that invest in larger, more established companies.

### International Stock Index

This fund offers investors a way to gain investment exposure to developed international (non-U.S.) economies. The fund is managed with the objective of duplicating the performance of securities in a broad-based international stock market index by investing in all or most of the securities included in that index. Because it invests in non-U.S. stocks, this fund can be more volatile than a domestic fund. International stock investments may be most appropriate for someone with a longer investment horizon, seeking longer-term capital growth, and willing to accept larger fluctuations.

### Emerging Market Stock

Investments in emerging market (developing) countries may be most appropriate for someone with a longer investment horizon, seeking longer-term capital growth, and willing to accept substantial market fluctuations. For the most part, emerging market countries are in Eastern Europe, Africa, the Middle East, Latin America, the Far East, and Asia, where these regions are considered opportunity for superior growth prospects compared to countries with more developed financial markets. The potential, however, for rewarding investment opportunities in developing

countries comes with relatively higher risk compared to other domestic and more developed international markets.

### Real Estate Stock

Real estate investments may be most appropriate to investors seeking to diversify their portfolio beyond bonds and common stocks. It offers income from real estate holdings and moderate long-term price appreciation. Because it invests primarily in small-to-medium capitalization companies, the volatility could be comparable to other small to mid-sized companies.

### Bond Index

Bond investments may be most appropriate for someone seeking higher potential income than with a stable value investment. The investor may want to balance more aggressive investments with one providing potentially steady income. A bond fund's yield, share price, and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa. This fund is managed with the objective of duplicating the performance of securities in a broad-based index by investing in all or most of the securities included in that index.

### High Yield Bond

Investments in high yield bonds may be most appropriate for someone with a longer investment horizon seeking long term capital appreciation, and willing to accept more fluctuation than other bond funds. Although this fund invests in bonds, high yield bonds tend to have volatility similar to that of the stock market, since it invests primarily in bonds with a lower credit rating than investment grade bonds. High yield bonds (commonly known as "junk bonds") are issued by an entity that lacks the long-term growth to earn an investment grade rating from credit rating agencies. High yield bonds are considered primarily speculative

with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity. Because of the higher risk of default, these bonds typically pay a higher yield than investment grade bonds.

### Short-Term Income

The short-term Income may be most appropriate for someone with a shorter investment horizon, seeking reduced account fluctuation and willing to accept reduced growth opportunity. This fund invests primarily in short duration fixed income securities, such as short-term bonds. Short-term bonds tend to have lower risk and lower yields than longer-term bonds, which typically offer higher yields, but also greater fluctuation. The reason for this is that longer-term bonds lock up the investors' money for a longer period than short-term bonds, which leaves more time for interest rate movements to affect the bond's price. The longer the time until maturity, the larger the potential price fluctuations due to interest rate risk.

### Stable Value

*(Not available for Health Care Savings Program or Individual Retirement Accounts)*

Stable Value investment may be most appropriate for someone wanting to safeguard their principal value or to balance their portfolio when holding other more aggressive investments. Returns will vary, but the investor may experience greater stability than bond funds.

### \*Alerus Money Market Fund

*(available only to Health Care Savings Program participants, and required to hold \$1,000 of available balance at separation of employment)*

This fund is an available fund choice for any participant in the Health Care Savings Program. Assets held here are excluded from investment fees, however, the MERS Operating Expense, Custody and Recordkeeping Fees are applied at the overall account balance.



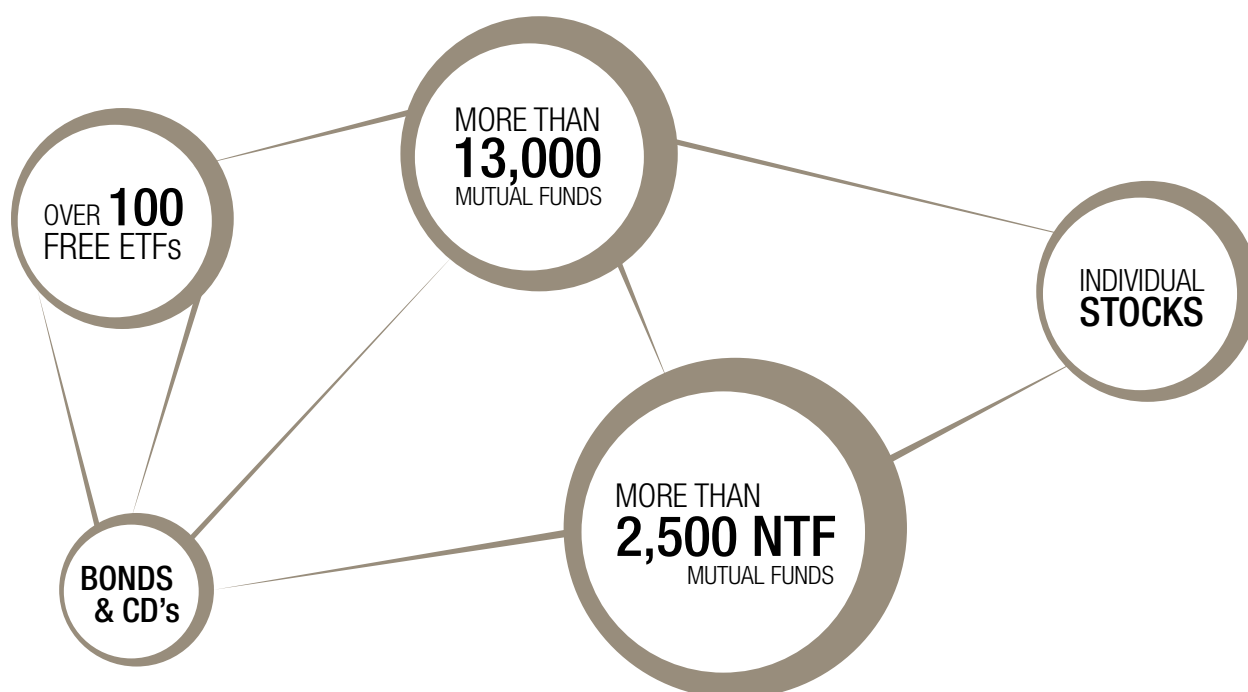
## 3 Self-Directed Brokerage Account

### “I’LL DO IT MYSELF”

The Self-Directed Brokerage Account (SDBA) is available to participants who want to independently and actively manage an even greater choice of investments. It is for the experienced investor who wants the freedom to invest a portion of their account into a wide array of investments, such as thousands of publicly-traded mutual funds, exchange traded funds and individual securities.

The SDBA is available to participants in the MERS Defined Contribution Plan, Hybrid Plan and the 457 Supplemental Retirement Program. This option gives you access to a much broader range of investments, including individual stocks, bonds, CDs, over 100 commission-free Exchange Traded

Funds (ETFs), and more than 13,000 mutual funds, including more than 2,500 No-Load, No-Transaction-Fee (NTF) Mutual Funds through **Charles Schwab**. It allows you the convenience of online trading, the power of innovative research tools, and the support of retirement brokerage specialists.



The SDBA is for knowledgeable investors who seek more investment choices, and who understand the risks and costs associated with the investments offered in the SDBA. Unlike the Retirement Strategies and Premium Select Options, the investment choices available through the SDBA, are not approved, selected, monitored, or reviewed by MERS or your employer. When you elect to open an SDBA, you assume the sole responsibility for researching, selecting, monitoring, and managing the investments.

With the SDBA, you get access to a comprehensive library of resources designed to help you make more informed investing decisions. The online

screeners can help you apply filtering criteria, such as ratings, fundamentals, valuation, performance, price, and volume to help you generate investment ideas that might fit your individual strategies. In addition, you can easily access the SDBA through mobile apps or by calling to connect with dedicated participant service representatives at Charles Schwab.

You are eligible to open an SDBA once your account balance grows above \$5,000, which is the minimum amount that must continue to be invested in either the Retirement Strategies or Premium Select Options. Once established, you may transfer any amount beyond the \$5,000 to the SDBA.

## SELF-DIRECTED BROKERAGE ACCOUNT



### How do I open a SDBA?

- 1 Log-in to your myMERS account.
- 2 Select your MERS program and click "Change my Investments".
- 3 Click "Self Directed Brokerage" at the bottom of the left navigation bar (not available for MERS Health Care Savings Program and MERS IRA participants).
- 4 Click the "Enroll Now" button.
- 5 Read and acknowledge the disclaimers and fee information from Charles Schwab
- 6 Charles Schwab will process the application and send you the SDBA login information to your account at Charles Schwab
- 7 Once established, you may log-in to your myMERS account and begin transferring a portion of your account balance to your SDBA



# UNDERSTANDING HOW COSTS AFFECT YOUR RETIREMENT ACCOUNT

As with anything you buy, there are fees and costs associated with investment products and services.

## investing more dollars makes a lot of sense

MERS helps participants save by offering **lower investment costs** than many competitors, putting more retirement dollars to work. Those costs add up, and can **make a big difference** over time.

Let's take \$25,000 as an example:  
\$25,000 growing for 30 years at an average return of 7%

## average fund experience



Average Costs of **0.39%**  
Balance = **\$181,384**



Average Costs of **1.00%**  
Balance = **\$151,084**



Average Costs of **1.50%**  
Balance = **\$130,061**

The MERS weighted average fund cost is determined by the percentage of assets participants invest in each fund offered in the MERS Defined Contribution Plan, 457 Program, IRA, and Health Care Savings Program menus. Investment Option fees are only one of many factors to consider when evaluating an investment.




Please review our Investment Menu Summary sheet available on our website for a quarterly update on the Total Annual Operating Expense of each investment option.

1Q

2023

Investment Menu Summary

[Visit Municipal Employees' Retirement System | \(800\) 761-8377 | www.mersfund.com](#)


  
 Municipal Employees' Retirement System

Performance & Fees

Hybrid Plan (Part II), Health Care Savings Program, 457 Program, and IRA

\*Values are based on the most recent data available for the most detailed information.

Fund Name	Proportion of Assets	Assets	Assets	Assets	Assets	Assets	Assets	Assets	Assets
	Assets	Assets	Assets	Assets	Assets	Assets	Assets	Assets	Assets
<b>Retirement Strategies – "Set it and forget it"</b>									
Retirement Income Fund	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2010 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2015 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2020 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2025 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2030 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2035 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2040 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2045 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2050 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2055 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2060 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2065 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2070 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2075 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2080 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2085 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2090 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2095 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2100 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2105 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2110 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2115 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2120 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2125 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2130 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2135 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2140 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2145 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2150 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2155 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2160 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2165 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2170 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2175 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2180 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2185 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2190 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2195 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2200 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2205 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2210 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2215 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2220 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2225 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2230 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2235 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2240 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2245 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2250 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2255 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2260 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
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2310 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2315 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
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2345 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2350 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
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2500 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2505 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2510 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
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2530 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
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2570 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2575 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2580 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2585 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2590 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2595 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2600 Retirement Strategy	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0	



# CHANGING YOUR INVESTMENT SELECTIONS

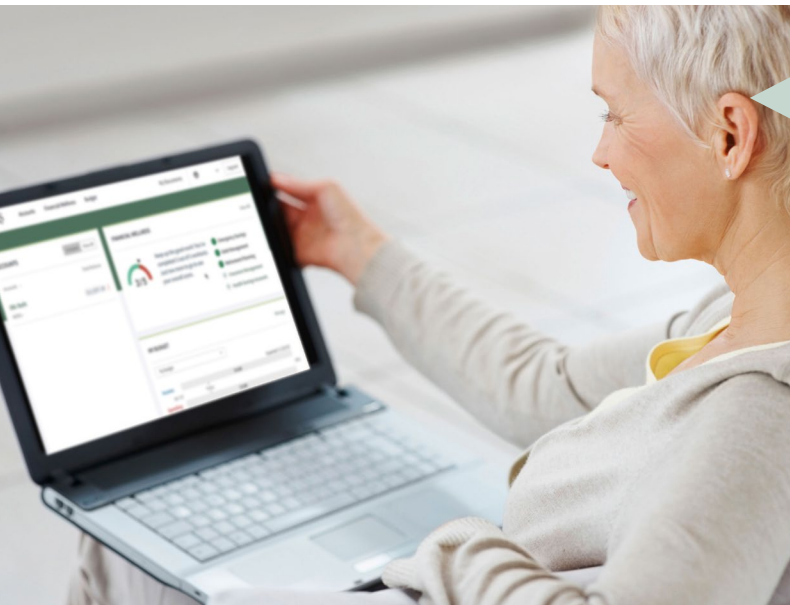
Ready to select or change your funds in your invested MERS account? We've made it easy to access or make changes to your account online any time through your secure myMERS portal.

## Make Changes through myMERS

1. Log in to your myMERS account from the MERS homepage at [www.mersofmich.com](http://www.mersofmich.com).
2. Choose "MERS Defined Contribution, HCSP, 457 or IRA" from the Accounts section of the dashboard.
3. Click on "Change my Investments."
4. Select the type of change you want to make. This is where you can choose to change the investment funds your future contributions will be invested in, change the investment funds your current balance is invested in, or both. You can also choose to transfer specific amounts from fund to fund.
5. Make your selection by choosing the percentage you would like to allocate to each fund (they must equal 100% when you are all done) and follow the prompts to verify and submit your changes.

## Need help?

Call our Service Center at 800.767.6377.



## Maintaining Your Investment Election

When you make your investment choices online, you will also have the opportunity to schedule automatic account realignment (rebalancing). Rebalancing is the process of restoring your portfolio to its intended allocation. Keep in mind that if you are 100% invested in a single Retirement Strategy or a portfolio that is built for you by MERS, this step is unnecessary, since these options automatically rebalance.

## GLOSSARY OF KEY TERMS

### **Asset Allocation –**

An investment strategy that aims to balance risk and reward by dividing a portfolio's assets according to an individual's goals, risk tolerance and investment horizon.

### **Asset Class –**

A specific category of securities or investments, such as stocks, bonds, cash, international securities, and real estate. Assets within the same class generally exhibit similar characteristics, behave similarly in the marketplace, and are subject to the same laws and regulations.

### **Bond –**

A debt instrument in which an investor loans money to corporations, federal and state governments, and municipalities to raise capital. The bond issuer promises to pay the holder of the bond the principal amount of the loan when the bond matures and a fixed rate of interest periodically during the term of the bond.

### **Diversification –**

The practice of investing among several categories of investments (including different industries, countries, or investment vehicles) to enhance return and reduce risk.

### **Emerging Market –**

Investment in securities of developing countries. For the most part, these countries are often considered to be in Eastern Europe, Africa, the Middle East, Latin America, the Far East, and Asia, where these regions are considered opportunity for superior growth prospects compared to countries with more developed financial markets. The potential, however, for rewarding investment opportunities in developing countries comes with relatively higher risk compared to other domestic and international investments.

### **Frontier Stocks –**

Investment in securities of countries considered to have less advanced capital markets than the developing world. Frontier markets are countries with investable stock markets that are less established than those in the emerging markets, and are alternatively referred to “pre-emerging markets.”

### **Global Bonds –**

Bonds that can be offered within the Euro market and several other markets simultaneously.

### **Global Stocks –**

Investment in stocks of companies located anywhere in the world, including the U.S. This style of investing can provide more global opportunities for diversification and act as a hedge against inflation and currency when compared to owning solely U.S. investments.

**Growth Stock –**

Stock of a corporation with a record of faster-than-average sales and earnings. Growth stock typically appeals to investors who seek a long-term increase in value.

**High Yield Bond –**

A high-paying bond with a lower credit rating than investment-grade corporate bonds, Treasury bonds, and municipal bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.

**Index Fund –**

A fund managed with the objective of duplicating the performance of securities in a broad-based index by investing in all or most of the securities included in that index.

**Inflation –**

This is the rate at which the general level of prices for goods and services is rising, and subsequently, purchasing power is falling.

**Intermediate Bond –**

A type of fixed income security that comes due for payment (mature) in usually 3 to 10 years from the date they were issued. Intermediate-term bonds are also called medium-term bonds.

**International Stock Fund –**

A mutual fund that can invest in companies located anywhere outside of its investors' country of residence.

**Large Cap –**

Companies having a market capitalization between \$10 billion and \$200 billion.

**Market Volatility –**

The amount of uncertainty or risk about the size of change in a security's value. A higher volatility means that the price of a security can change dramatically over a short time period in either direction.

**MERS –**

The Municipal Employees' Retirement System (MERS) is an independent, nonprofit retirement services organization that serves municipal members across the state of Michigan.

MERS proudly serves more than 800 municipalities and more than 100,000 participants while managing more than \$9 billion in assets.

**Mid Cap –**

Short for "Middle Cap," mid cap refers to stocks with a market capitalization of between \$2 billion to \$10 billion.

**Mutual Fund –**

An investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments, and similar assets.

**Passive Management –**

An investing strategy that mirrors a market index and does not attempt to beat the market. Also known as "passive strategy" or "passive investing."

## GLOSSARY OF KEY TERMS

### **Private Equity –**

When equity capital is made available to companies or investors, but not quoted on a stock market. The funds raised through private equity can be used to develop new products and technologies, to expand working capital, to make acquisitions, or to strengthen a company's balance sheet. Private equity generally pays a higher return to compensate for the higher level of risk taken on.

### **Real Estate Stocks –**

A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages.

### **Return –**

The gain or loss for a security in a particular period, consisting of income plus capital gains relative to investment. It is usually quoted as a percentage.

### **Risk –**

The chance that an investment's actual return will be different than expected. This includes the possibility of losing some or all of the original investment. It is usually measured by calculating the standard deviation of the historical returns or average returns for a specific investment.

### **Risk Tolerance –**

The degree of uncertainty that an investor can handle in regard to a negative change in the value of his or her portfolio.

An investor's risk tolerance varies according to age, income requirements, financial goals, etc. For example, a 70-year-old retired widow will generally have a lower risk tolerance than a single 30-year-old executive, who generally has a longer time frame to make up for any losses she may incur on her portfolio.

### **Short-Term Bond –**

A type of bond fund that invests only in fixed-income instruments with short-term maturities.

### **Small Cap –**

Refers to stocks with a relatively small market capitalization. The definition of small cap can vary among brokerages, but generally it is a company with a market capitalization of between \$300 million to \$2 billion.

### **Stable Value Fund –**

An investment vehicle found in both company retirement plans and, quite recently, IRA accounts. Stable value funds are comprised of mostly 'synthetic guaranteed investment contract (GICs)', also known as wrapped bonds, because of their inherent stability. These bonds can be short or intermediate term with longer maturities than other choices such as money market funds. They are paired (or wrapped) with insurance contracts to guarantee a specific minimum return.

**Standard Deviation –**

A statistical measurement that sheds light on historical volatility. For example, a volatile stock will have a high standard deviation while the deviation of a stable blue chip stock will be lower. A large dispersion tells us how much the return on the fund is deviating from the expected normal returns.

**Standard and Poor's 500 Index (S&P 500) –**

An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

**Target Date Fund –**

A mutual fund in the hybrid category that automatically resets the asset mix (stocks, bonds, cash equivalents) in its portfolio according to a selected time frame that is appropriate for a particular investor. A target date fund is similar to a life-cycle fund except that a target date fund is structured to address some date in the future, such as retirement.

**Tax Considerations –**

One should consider income taxes (federal, state, and local) as part of the cost of any investment. Consult an accountant or financial advisor on how to maximize invested capital to help meet financial and personal retirement goals.

**Value Stock –**

A stock that is considered undervalued by the market. Value stocks are characterized by low price/book ratios or price/earnings ratios.

## **Municipal Employees' Retirement System of Michigan**

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800.767.6377

[www.mersofmich.com](http://www.mersofmich.com)

*This publication is designed to provide descriptive information only. Investors should research all possible investment choices. Please make independent investment decisions carefully and seek the assistance of independent experts where appropriate. We recommend investors define their goals, risk tolerance, time horizon, and investment objectives to determine whether this fund is appropriate for you.*

*Investors should read the fund summary sheets and carefully consider the investment objective, risks, and fees of the fund before investing. The fund summary sheets may be found on the MERS website at [www.mersofmich.com](http://www.mersofmich.com). To request the fund summary sheets, please contact the MERS Service Center at 800.767.6377.*

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